

**MINUTES OF THE MEETING OF THE DIRECTORS OF
CAREFIRST, INC.
EXECUTIVE SESSION
WEDNESDAY & THURSDAY, JULY 25-26, 2001
AT THE HYATT REGENCY IN BALTIMORE, MARYLAND**

Members Present: Daniel J. Altobello (Chairman); Edward J. Baran (Vice Chairman) (by phone); Max S. Bell, Jr., Esq.; Beverly B. Byron; William J. Byron, S.J.; Geneva Cannon; James M. Dale (by telephone); Bernard J. Daney, CPA; Anne Osborn Emery, Ph.D.; Ernest R. Grecco; Joseph Haskins; Sister Carol Keehan, R.N., M.S.; J. Richard Lilly, M.D.; Roger C. Lipitz; Patricia E. Lund, Ed.D., R.N.; Robert H. Naftaly; Robert F. Rider; Charles W. Shivery; James C. Simpson; George B. Wilkes, III

Members Absent: None

Also Present: Michel L. Daley; Floretta D. McKenzie, Ed.D.; Hanan Y. Sibel; Thomas E. Archie; Garrett B. Lyons, DDS; Frances M. West

EXECUTIVE COMPENSATION COMMITTEE REPORT

Joseph Haskins, Chairman of the CareFirst, Inc. Executive Compensation Committee, provided a report to the Board regarding several Executive Compensation Committee meetings, which had been held in the recent past.

He began by reviewing the strategic goals previously approved by the Board and how a potential transaction helped to achieve those goals.

He then reviewed the Committee's approach to determining what compensation components were appropriate and what compensation issues were crucial in any negotiations leading to a strategic transaction. He reviewed the financial implications of each of the elements of the compensation packages that existed and of those that are being proposed and noted that the WellPoint proposal regarding associate benefits is significantly lower than the level of benefits associates are currently receiving.

He then reviewed the differences between the proposed compensation packages for all associates proposed by WellPoint.

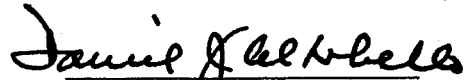
He also described in detail the proposal being recommended by the Executive Compensation Committee.

There was extensive discussion of the proposal and it was

RESOLVED, that the program proposed by the Executive Compensation Committee is hereby approved, and

FURTHER, that the Executive Compensation Committee is directed to investigate the feasibility of an incentive plan that would reward associates generally in the event a transaction is consummated.

At this point, the Board adjourned its Executive Session and moved back into Regular Session.



Daniel J. Albello
Chairman of the CareFirst, Inc.
Board of Directors

**MINUTES OF THE MEETING OF THE DIRECTORS OF
CAREFIRST OF MARYLAND, INC.
EXECUTIVE SESSION
WEDNESDAY & THURSDAY, JULY 25- 26, 2001
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Members Present: Daniel J. Altobello; Geneva Cannon; Joseph Haskins (Chairman); Patricia E. Lund, Ed.D., R.N.; Hanan Y. Sibel; James C. Simpson

Members Absent: None

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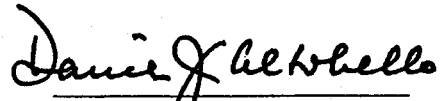
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Daniel J. Alkubello
Chairman of the CareFirst, Inc.
Board of Directors

**MINUTES OF THE MEETING OF THE TRUSTEES OF
GROUP HOSPITALIZATION AND MEDICAL SERVICES, INC.
EXECUTIVE SESSION
WEDNESDAY & THURSDAY, JULY 25- 26, 2001
AT THE HYATT REGENCY IN BALTIMORE, MARYLAND**

Members Present: Edward J. Baran (Chairman); William J. Byron, S.J.; Michel L. Daley; Sister Carol Keehan, R.N., M.S.; Floretta D. McKenzie, Ed.D., George B. Wilkes, III

Members Absent: None

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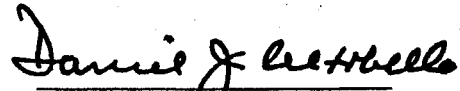
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